



Mail to: CWT Herd Retirement Program
P.O. Box 41049
Bethesda, MD 20824-1049

2010 DAIRY HERD RETIREMENT PROGRAM BID FORM

The undersigned milk producer ("Producer") hereby submits this "Bid for Commitment to Sell Dairy Herd" ("Bid") as part of the Cooperatives Working Together Program of the National Milk Producers Federation ("CWT").

- Bid Offer.** Producer hereby offers to sell Producer's **entire dairy herd**, including all milking cows and dry cows, in accordance with the terms and conditions set forth in this Bid. **To be considered by the CWT, a completed and signed copy of this Bid must be mailed to CWT with a postmark on or before June 25, 2010.** Producer may not revoke this Bid for a period of 120 days after June 25, 2010 (the "Offer Period").
- Producer Information. (Please print or type.)**

NOTE: Consistency of milk production throughout the Production Period is a factor in bid selection. A milk company printout verifying the Producer's monthly milk marketings during the "Production Period" for each farm in which Producer holds an interest must be submitted with this bid form.

Producer Name: _____ Phone: _____

Dairy Name: _____ (if applicable) Cell Phone _____

Address: _____ E-mail: _____

Name of Producer's Cooperative Marketing Organization or Milk Company: _____

Number of Cows as of **May 1, 2010**: Milking Cows _____ Dry Cows _____ Total Cows _____

Total Pounds of Milk Marketed (April 1, 2009 – March 31, 2010, (the "Production Period")): _____

Bid Price (per 100 pounds of Milk): \$ _____. ____ /cwt – not to exceed \$3.75/cwt.

NOTE: *Subject to the consistency of the bidder's milk production, bids will be accepted starting with the lowest bid received. Based on the program's goals for eliminating milk production and inherent budgetary considerations, there is no assurance that bids submitted at the maximum level of \$3.75/cwt. will be accepted.*

- Producer Representations and Warranties.** Producer hereby represents and warrants to CWT that:
 - Producer has the full power and authority to execute and deliver this Bid and to consummate the transactions contemplated hereby, including the sale of Producer's entire dairy herd which means all of the producer's milking and dry cows and all of Producer's heifers that calve prior to CWT's farm audit (which cows and heifers are herein referred to collectively as "The Cows").
 - The execution and delivery of this Bid by Producer does not and will not violate the articles of incorporation, bylaws or other organizational documents applicable to Producer or any contract or other agreement to which Producer is a party.
 - Producer has not sold, leased, licensed, lent, exchanged or otherwise transferred any cows, other than for slaughter, after **May 1, 2010**.
 - Producer holds legal and beneficial title to The Cows.
 - The Bid includes all of The Cows in which Producer holds an interest at any location.
 - The Cows constitute a commercial dairy herd and are not cows that have been segregated from other cows due to lower production or illness (including, but not limited to cows in herd affected by brucellosis or tuberculosis) and including from cows in which Producer has an interest and which have been located to another farm.
 - Producer is a member of a farmers' cooperative association, a participant in a milk-marketing organization or an independent producer, in each case that has been a CWT member effective January 1, 2009.
- Acceptance.** CWT may accept this Bid at any time during the Offer Period by having an officer execute this Bid Form in the space provided below.

5. **Sale of Cows.** If this Bid is accepted by CWT, Producer shall be obligated to sell The Cows for slaughter. Producer shall be entitled to retain all proceeds from such sale of The Cows. Producer shall be responsible for marketing The Cows and negotiating the terms of such sale with a slaughterhouse. CWT shall have no responsibility for or liability under the agreement between Producer and the slaughterhouse. Producer shall brand or tag The Cows when and as directed by CWT and shall permit CWT or its agents to witness such branding or tagging. Producer shall maintain The Cows as prescribed in "Top 10 Considerations for Culling and Transporting Dairy Animals to a Packing or Processing Facility," available at www.cwt.coop, and milk all cows prior to them being transported. If any cow is non-ambulatory, too weak to transport, or rejected by the slaughterhouse for any reason, Producer shall dispose of such cow for slaughter by some other lawful means. This Bid is not conditioned on Producer receiving any minimum price or other terms for the sale of The Cows. Producer shall be required to sell The Cows not later than fifteen (15) days after completion of CWT's farm audit; however, CWT will grant a reasonable extension for dry cows that have been treated and are subject to a market withholding period. **Promptly after sale of The Cows for slaughter, Producer shall provide CWT with documentation verifying such sale.**
6. **Bid Payment.** After Producer sells **all of The Cows** and subject to the acceptable results of its audit, CWT shall pay Producer an amount (the "Bid Payment") equal to the Bid Price specified above multiplied by Producer's Verified Total Milk Volume for the period from **April 1, 2009 through March 31, 2010, in two installments – 90% upon verification of sale of the cows; and 10% plus interest twelve months after completion of the audit provided that neither the Producer nor the dairy facility, whether owned or leased, have been involved in the production and marketing of milk during that twelve month period.** Producer shall be responsible for all federal, state and local income and other taxes payable with respect to the Bid Payment and any amounts received by Producer in connection with the sale of The Cows.
7. **Information and Audit Rights.** Producer shall maintain complete and accurate records, including records with respect to the sale of The Cows. CWT and its agents and representatives shall have the right to visit Producer's properties to inspect The Cows and to review Producer's milk records in order to verify (a) the information provided by Producer and (b) the sale of all of The Cows to a slaughterhouse and to verify that neither Producer nor the dairy facility have been involved in the production and marketing of milk. Such inspections may include pregnancy testing of dry cows. Producer agrees to provide CWT with all information and documentation that CWT reasonably requests in connection with any such verification specified in this provision.
8. **Indemnification & Liquidated Damages.** Producer agrees to indemnify, defend and hold harmless CWT from any and all claims, liabilities, losses or damages asserted against or incurred by CWT arising out of or relating to (a) any misrepresentation by Producer under this Bid or (b) the sale of The Cows. If CWT accepts this Bid and Producer fails to perform, Producer shall pay CWT liquidated damages of \$1,000 or 3 cents/cwt based upon total pounds marketed during the "Production Period", whichever is greater, and will not be eligible to bid in future herd retirements.
9. **Governing Law; Dispute Resolution.** This Bid shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia, without regard to its conflict of law provisions. Any dispute, claim, demand or controversy arising out of or relating to this Bid or any action to enforce any term, provision or condition hereof shall be finally settled by binding arbitration administered in accordance with the terms set forth in the Bylaws of CWT.
10. **Certification.** Producer hereby certifies that the information provided by Producer pursuant to this Bid is true, complete and correct. Producer hereby certifies that Producer understands and accepts the payment provisions in Section 7. Payment above. CWT may, at its option, terminate this Bid at any time after its acceptance hereof, if CWT finds that Producer made any false statement or misrepresentation hereunder or changed the terms of this Bid or otherwise is in violation of the terms of this Bid.

Producer's signature: _____ Date: _____

NOTE: An unsigned bid form will not be considered for selection.

TO BE COMPLETED BY THE CWT:

Accepted and agreed to by COOPERATIVES WORKING TOGETHER/NATIONAL MILK PRODUCERS FEDERATION

By: _____ Date: _____
James E. Tillison, Chief Operating Officer